

PACIFIC FRUIT EXPRESS COMPANY

November News Letter

San Francisco, November 10, 1953

ALL P.F.E. EMPLOYEES:

P.F.E. Loading

	1953			1952		
	<u>PFE Cars</u>	<u>Foreigns</u>	<u>Total</u>	<u>PFE Cars</u>	<u>Foreigns</u>	<u>Total</u>
October	35,841	4,344	40,185	37,908	7,274	45,182
Jan.-Oct.	316,014	43,613	359,627	313,047	43,771	356,818

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Car Situation:

The comfortable backlog of empties built up during late August and September provided full protection of all requirements through the October peak, including an unusually heavy demand for fan equipped cars for tree fruit, grapes and vacuum cooled lettuce. The over-all situation going into November is comfortable. Some diversions of empties have been made toward El Paso well in advance of the forthcoming lettuce deal in Salt River Valley and additional turns will be effected as the heavier loading period approaches when Yuma and Imperial lettuce deals, along with Mexican West Coast vegetables, will get under way. As the heavy eastbound loading during the past few weeks will provide a west tide of empties in excess of requirements, some diversion of PFE cars into foreign line service has been authorized. While the car situation presently appears "easy," close attention to car distribution matters is still necessary as experience has proved that conditions in the perishable business can and do change overnight.

Crop Conditions - Southern Pacific Territory

Oregon: Movement of pears will continue in normal volume from storage in the Medford-Klamath Falls area. Potato harvest in the Klamath Basin will be completed the first of this month and all storages are full. Onion movement from the Willamette Valley has begun but will be considerably under last year due to heavy maggot damage.

Northern and Central California: The movement of fresh grapes should be completed by the second week of November but with a good supply in storage, shipments will continue in normal volume. The tomato movement from the Stockton area is declining and should be completed by mid-November. Winter vegetable movement will be heavy first part of the month for Thanksgiving markets. Lettuce shipments from the

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Foreign			Foreign		
Total			Total		
October	35,541	4,341	37,908	1,274	15,185
Jan.-Oct.	318,014	43,613	313,047	43,771	356,818

General Situation:

The comfortable backlog of empties built up during late August and September provided full protection of all requirements through the October peak, including an unusually heavy demand for ten equipped cars for tree fruit, grapes and vacuum cooled lettuce. The over-all situation going into November is comfortable. Some diversions of empties have been made toward El Paso well in advance of the forthcoming lettuce deal in Salt River Valley and additional turns will be effected as the heavier loading period approaches when turns and Imperial lettuce deals, along with Mexican West Coast vegetables, will get under way. As the heavy eastbound loading during the past few weeks will provide a west tide of empties in excess of requirements, some diversion of P.F.E. cars into foreign line service has been authorized. While the car situation presently appears "easy," close attention to car distribution matters is still necessary as experience has proved that conditions in the perishable business can and do change overnight.

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Salinas area will continue heavy first two weeks, dropping off rapidly as Salt River reaches volume. The refrigerator car movement of canned goods started with the advent of heater season on October 15th and is expected to be normal in volume.

Southern California: Citrus shipments will continue in reduced volume. Winter vegetables from the Guadalupe-Oxnard area are expected to be heavy the first part of the month for holiday markets. Lettuce from the Salt River Valley has started but volume is estimated to be considerably under last year. Yuma Valley should start the last of the month.

T&NO: Shipments are expected to be light most of the month with Rio Grande Valley not reaching volume until the first part of December.

Along Union Pacific Railroad

Idaho: Late potato harvest in eastern Idaho is nearly completed with but ordinary yield and quality. A poor market has obtained since the beginning of the season resulting in closer grading and a heavy increase in the cull-out compared with the excellent crop of last year. With completion of harvest, shipments will be governed to a large extent by marketing conditions. While the onion crop in western Idaho was about 25% greater than that of last season, the poor early markets and spoilage resulting from too hot weather at harvest time will hold movement on a level with that of last year.

In Northwest District pear shipments are progressing on a seasonal basis from Hood River and Yakima. Movement of early variety apples is under way in limited volume with heavier volume expected around middle of the month. Frozen food and other miscellaneous shipments are in normal volume.

Eastern District: Vegetable shipments from northern Colorado are practically completed, as are the early potatoes. Western Nebraska potatoes are showing superior quality but the yield is not up to expectations, and shipments which are just getting under way will be far short of last year's movement.

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Due to the newness of mechanical refrigeration in railroad freight service no arrangement existed for compensating the car owners for use of the refrigeration equipment. The rail carriers collected and retained the refrigeration revenue while car owners absorbed the costs. Effective November 1, 1953, this has been changed and 80% of the refrigeration revenue will accrue to the car owners hereafter as compensation for use of the special mechanical equipment; the balance, or 20%, to be distributed among the participating rail carriers as compensation for inspection, accounting and other services.

K. V. PLUMMER

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Department of Purchases and Stores

PURCHASING

The Department of Purchases and Stores is a combined unit. A previous article dealt with the Stores organization and the following covers purchasing activities.

It is the responsibility of the Purchasing Department to procure materials at the lowest possible cost without sacrifice of quality, as well as to hold purchases to specifications and grades no higher than required to serve adequately the purpose for which intended. It is necessary for those connected with the procuring department to have full knowledge of materials, their sources, use, and availability.

The general office of Purchasing Agent is located in San Francisco. A purchasing office is also maintained in Portland, Oregon, the center of the West Coast lumber industry, for procuring all forest products for the System.

The general office of the Purchasing Agent is divided into three bureaus for the various procedures necessary in handling the procurement of materials and supplies.

Requisitions received from all using departments are first channeled to the bureau designed as "Stores Bureau," whose responsibility is to see that requisitions are properly approved, descriptions checked, and develop whether any of the items are available from the various Store locations. Check must be made of availability from on-line points, particularly with respect to materials accumulated or left over from construction jobs. Parent companies furnish lists of items which are available on their properties and requisitions are checked against these lists. Disposition of materials such as scrap, secondhand containers, etc. sold on the open market is handled by this bureau. Upon completion of this handling, requisitions are passed to the "Purchasing Bureau" where they are assembled into proper classifications with respect to the nature of materials and sources of supply. Buyers are required to give consideration to quantity purchases for price, standard package, discounts, location and reliability of suppliers, consolidation for carload shipment, and many other pertinent incidentals before actual issuance of purchase order.

To the third bureau, known as "Correspondence Bureau," is assigned the handling of correspondence, statistics, reports, etc. incidental to the operation of the general office of Purchasing Agent. This bureau handles the expediting of materials on order and checks all invoices for price, f.o.b. points, discounts, terms, etc., approving for payment by the Auditor.

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handles the duplicating requirements of the entire General Office, as well as servicing dictaphone records and printing certain forms. In addition to the stationery stock maintained in this store, a stock is carried in Chicago for distribution to offices in that area.

New cars are either purchased from contract car builders or manufactured in our own shops. If purchased from car builders, the general office of Purchasing Agent handles negotiations for their acquisition, as well as many of the component parts used on the cars. If cars are manufactured in our own shops, all materials are acquired by this department.

Many factors must be considered in purchasing materials and a very important responsibility of both the Stores and Purchasing is that of Stock Control, which is a means of maintaining the minimum investment to protect operations. Ordering of materials is based on anticipated consumptions for a determined period and this must be figured on a unit basis, i.e., the number of units it is anticipated will be required for the ordering period. In addition to the unit control a second material control is maintained in the office of Purchasing Agent. Here the unit ordering is reconciled with the dollar value involved and all commitments are registered by material class, Store location, and month in which delivery is required. This permits the control whereby investment in materials can be regulated to meet changes in car repair programs or general maintenance.

It will be interesting to note that 19,500 purchase orders were issued during the past twelve months by this department, and approximately \$48,000 is expended each working day, or \$11,500,000 in the course of a year, to satisfy material requirements for operation of the properties and equipment of the Pacific Fruit Express Company.

Materials and supplies consume a substantial portion of the revenue dollar in any industry, therefore, a grave responsibility rests with the department handling this phase of a business. An equal responsibility lies with the consumers of materials to prevent misuse, waste, and obsolescence.

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